

Panel on CIA Cites Waste, Asks Reform

By George Lardner Jr.
Washington Post Staff Writer

The Senate intelligence Committee concluded its investigation of the nation's foreign intelligence activities yesterday by issuing a heavily censored report outlining wasteful spending and clandestine assignments designed largely as busywork for a worldwide "infrastructure" of secret agents.

Declaring the need for reforms an urgent matter, the committee warned that its unprecedented, 15-month inquiry would "probably provide the only broad insight for some time into the now permanent role of the intelligence community in our national government."

By a 6-to-5 vote at a closed meeting yesterday morning, the committee reversed an earlier decision to disclose the total intelligence budget figure and agreed instead to buck the issue to the full Senate.

It was learned from authoritative intelligence sources, however, that the expense of the U.S. intelligence effort now stands at \$4.7 billion a year in direct costs and approximately twice that amount when ancillary spending, such as that for training facilities, commissaries and supply bases is added.

This is about 3 per cent of federal spending, but 8 per cent of controllable federal spending, the committee found. (About 75 per cent of federal spending for fiscal 1976, such as payments from the Social Security trust fund, are described by the administration as "uncontrollable.")

The House intelligence committee, whose report leaked out in February, calculated total intelligence spending at more than \$10 billion a year.

The Senate report found a lack of real control over intelligence spending by either the White House Office of Management and Budget or by Congress.

Several members of the committee emphasized at a news briefing that they consider a permanent new oversight committee with legislative and budget-making authority over the intelligence community vital.

"The crucial element in effective oversight is the power to authorize the intelligence budget," said Committee Chairman Frank Church (D-Idaho). "Also, prior notice to appropriate committees of significant covert actions is essential."

At the Central Intelligence Agency, the Senate report said, thousands of covert actions—defined simply as secret attempts to influence the internal affairs of other nations—have been undertaken without outside approval or even consultation. These were primarily "low-risk, low-cost projects"—such as planting a news story or developing an "agent of influence"—which, "in the aggregate, establish and maintain the agency's covert infrastructure around the world."

The committee said it was convinced that many of these

undertakings would disappear if they were forced to meet the test of being "part of a larger covert action operation in support of the openly avowed policies of the United States."

Most disclosures in the report were guarded, coming in murky prose that the committee used in place of more explicit passages which were suppressed at the Ford administration's behest.

These segments of the Senate report were put in italics to show that the language had been watered down or "substantially abridged at the request of the executive agen-

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Senate panel recommends legislation to establish basic purposes of national intelligence activities. Page A17

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CIA Director George Bush, arriving to testify before intelligence committee, is greeted by Chairman Frank Church.

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cies." Thus, the committee reported, in italics, that:

- "The Central Intelligence Agency is now using several hundred American academics, who, in addition to providing leads and sometimes making introductions for intelligence purposes, occasionally write books and other material to be used for propaganda purposes abroad. These academics are located in over 100 American colleges, universities and related institutes. At the majority of institutions, no one other than the individual academic is aware of the CIA link."

- "The CIA helped create and support various Vietnamese periodicals and publications. In at least one instance, a CIA supported Vietnamese publication was used to propagandize the American public and the members and staff of both Houses of Congress. So effective was this propaganda that some members quoted from the publication in debating the controversial question of United States involvement in Vietnam."

- The CIA currently maintains a worldwide network of several hundred individuals who provide the agency with intelligence and occasionally attempt to influence opinion through the use of covert propaganda. Approximately 50 of them are "individual American journalists or employees of U. S. media organizations." Although new CIA restrictions imposed in February will cut the number, more than half of the 50 are "non-accredited free-lance contributors and media representatives abroad" who are unaffected by the restrictions and will presumably keep up their work for the CIA.

The report repeats several times that "the dangers posed by espionage directed against the United States, particularly from the Soviet Union, can not be discounted."

The senators said some estimates suggest that as many as 70 to 80 per cent of the Soviet officials in the United States have "some intelligence connection." In addition, the report said, "the number of Soviets with access to the United States has tripled since 1960."

The CIA also told the senators that approximately one-third of the Soviet exchange students in this country for the 1972-73 academic year "were coopera-

ting with the KGB," the Soviet Union's civilian intelligence service.

The committee, however, took the position that U.S. intelligence practices could not be allowed to "undermine the treasured values guaranteed in the Bill of Rights."

Highly critical of many of the surreptitious programs it uncovered, the committee protested that because of the lack of clear legislative boundaries for intelligence activities, "the Constitution has been violated in secret and the power of the executive branch has gone unchecked, unchallenged. . . . Secrecy has been a tragic conceit."

The 11-member committee offered 87 specific recommendations, from more aggressive congressional oversight to new criminal laws, in hopes of offsetting the "secret practices that have eroded the processes of open democratic government."

Paradoxically, the report itself was laced with concessions to the secrecy it repeatedly complained about.

According to Sens. Walter F. Mondale (D-Minn.), Philip A. Hart (D-Mich.) and Gary Hart (D-Colo.), the committee's narrative would have been "outlandish" if all the CIA's objections had been heeded.

The spy agency, they complained in a supplementary report, "wanted to delete reference to the Bay of Pigs as a paramilitary operation, they wanted to eliminate any reference to CIA activities in Laos, and they wanted the committee to excise testimony given to the public before television cameras."

The three unhappy Democrats said these "so-called security objections" were dismissed out of hand, but they accused the CIA of exploiting the committee's innate caution "to alter the report to the point where some of its most important implications are either lost, or obscured in vague language."

They charged, for example, that the italicized discussion of the role of U.S. academics in the CIA's clandestine activities "has been so diluted that its scope and impact on the American academic institutions is no longer clear."

"The description of the CIA's clandestine activities within the United States, as well as the extent to which

CIA uses its ostensibly overt Domestic Contact Division for such activities, has been modified to the point where the committee's concern about the CIA's blurring of the line between overt and covert foreign and domestic activities, has been lost."

Still larger portions of the report—three chapters entitled "Cover," "Espionage," and "Budgetary Oversight"—and two sections of the chapter on "Covert Action of the CIA"—were deleted completely from the 651-page public editions.

Unexpurgated classified texts will be made available to members of the Senate, but under security conditions that will generally require the lawmakers to do their reading at the Church committee's guarded offices.

Two committee members, Sens. John Tower (R-Tex.) and Barry Goldwater (R-Ariz.) were dissatisfied with the panel's work, and refused to sign the report. Tower took issue with a number of the recommendations.

Goldwater refused to sign the report "in the belief that it will cause severe embarrassment, if not grave harm, to the nation's foreign policy."

Observing that the Senate inquiry cost some \$3 million, Goldwater charged that the deadline pressures of producing the report, after spending six months on a "fruitless investigation into alleged assassination attempts," would increase the risk of unintentional security violations.

"This is a report that probably should never have been written," Goldwater concluded.

The committee majority, however, said it found an alarming amount of duplication, waste, inertia and ineffectiveness in the intelligence community and called it "one of the costs of insulating the intelligence bureaucracy from the rigors of congressional and public scrutiny."

A 1970 study by the White House's Office of Management and Budget, the committee reported, pointed to nine specific mergers or shifts of intelligence programs that could save the taxpayers close to \$1 billion a year. The recommendations were apparently never carried out.



SEN. GARY HART



SEN. WALTER MONDALE



SEN. PHILIP HART

... three complain about objections raised by CIA

The CIA, the Senate report indicated, gets about 20 per cent of the national intelligence budget. The Defense Department, which includes the Defense Intelligence Agency, the code-breaking National Security Agency and the "national reconnaissance program," draws 80 per cent.

The report made clear, however, that the CIA has been wasteful. During the Korean War, the CIA's Office of Procurement acquired some \$152 million worth of foreign weapons and ammunition for use by guerrilla forces that never materialized.

The Senate committee said that a major reason for the sprawling, often uncoordinated U.S. intelligence effort lay in the preoccupation of the CIA and its directors with clandestine operations rather than central management and the drudgery of collecting information.

By the same token, the report suggested, the production of finished intelligence reports for the President and top policy makers—the most important mission of our intelligence system—has been "overshadowed by the glamour of clandestine activities and the lure of exotic technical collection systems."

Although the authority for "covert actions"—secret attempts to influence the internal affairs of another nation—is far from

explicit, either in the Constitution or in the CIA's enabling legislation, the spy agency embarked on them almost immediately. The newly created National Security Council told the CIA to undertake "covert psychological activities" at the NSC's first meeting on Dec. 2, 1947, in the chill of the cold war.

Embodied in a top-secret order called NSC-4-A, the directive, the Senate committee said, constituted the President's first formal authorization for covert operations in the postwar period.

The first exercise, the report continued, consisted of "covert attempts to influence the outcome of the Italian national elections."

Since then, the report said, the CIA has carried out hundreds of "major or sensitive covert action projects after coordination with White House panels—81 in the Truman administration, 170 under President Eisenhower, 163 under President Kennedy, 142 during the Johnson administration, and an unspecified number under Presidents Nixon and Ford.

"But thousands more were actually carried out without any kind of White House scrutiny.

"Approximately three-fourths of all covert action projects are never reviewed or approved by a high-level body outside the CIA," the report said. Although these are generally considered "

non-sensitive projects or part of what the CIA calls its "operational infrastructure," the committee said they can still be of great importance, such as the one involving the development of AMLASH, a Cuban officer who was being groomed to kill Fidel Castro.

Even plans presented to the National Security Council with requests for authority to proceed only from "Point A to Point B" can be dangerous, former Secretary of Defense Clark M. Clifford told the senators.

"When point B is reached," Clifford testified, "the persons in charge feel that it is necessary to go to point C and they assume that the original authorization gives them such a right. From point C, they go to D, and possibly E, and even further. This led to some bizarre results, and, when in-

Investigation is started, the excuse blandly presented that the authority was obtained from the NSC before the project was launched."

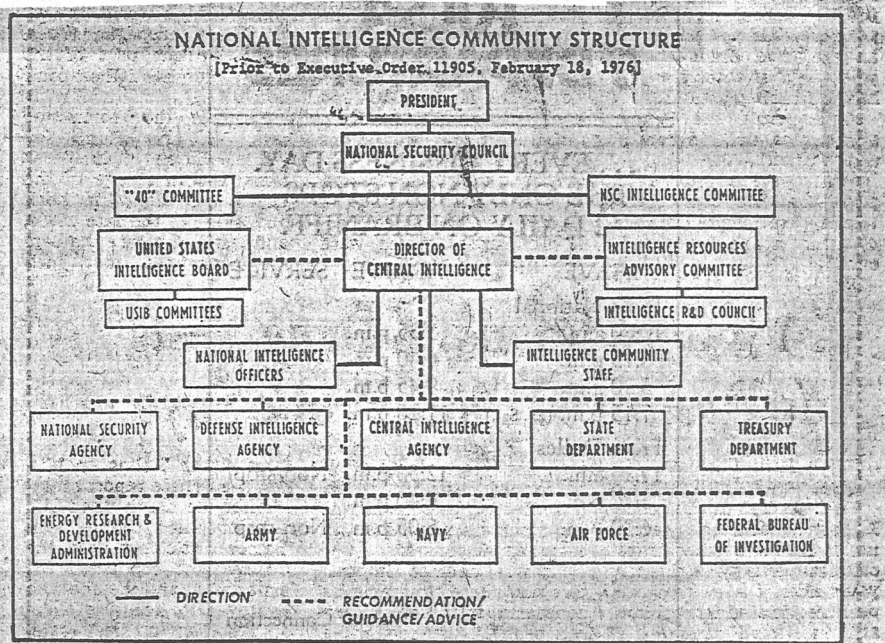
Set up in the wake of public disclosures of illegal domestic activities by the CIA and the FBI, the Senate committee was established 5 months ago with a wide-ranging charter to investigate the nation's intelligence community, both here and abroad.

Its final report on domestic activities is expected to be made public Wednesday night, followed by a series of supplementary reports on individual issues.

Other highlights of yesterday's report:

FINISHED INTELLIGENCE

U. S. intelligence resources are overwhelmingly devoted to intelligence collection, the committee found. "The system is inundated with raw intelligence" that individual analysts find difficult to handle in attempting to produce pol-



ished, thoughtful reports for the policy makers.

"Production is, in the words of one observer, 'the stepchild of the intelligence community,'" the report protested. The committee said U. S. intelligence reports on some subjects, such as the current capability of the strategic and conventional forces of potential adversaries, was considered excellent, but concluded that the finished product in other areas was far from satisfactory in light of "the total resources" devoted to the intelligence business.

At times, external pressures posed what one witness called "gross interference" with the CIA's reports.

COUNTER INTELLIGENCE

The threat from hostile intelligence services, especially the Soviet Union's, is very real. In the United States alone, according to FBI figures, 1,079 Soviet officials were on permanent

assignment in February of 1975.

Of that number, more than 40 per cent were "positively identified" as members of the KGB or GRU, the Soviet civilian and military intelligence units. Conservative estimates for the number of unidentified intelligence officers raise the figures to over 60 per cent of the Soviet representation."

Warning that the espionage directed against the United States is "extensive and relentless," the report noted, for example, that at the recent funeral of murdered CIA agent Richard Welch, "two Eastern European diplomats were discovered snapping photographs of CIA intelligence officers attending the local ceremony."

Expressing uncertainty over the effectiveness of the current U.S. counterintelligence effort by the CIA and FBI, the committee alluded to an increased flow of counterintelligence within the CIA since the departure of CIA counterintelligence chief James Angleton, a strong advocate of tight "compartmentation" of information.

The Church committee, in turn, "has raised questions of compartmentation and security" and called for a high-level executive branch review "of the classified issues which have surfaced" as a result of Angleton's departure last year.

COVER

Although the chapter of the report dealing with the use of "Cover" to mask CIA clandestine operations was excised, the committee said improvements and changes are needed.

A 1970 report by the CIA's own inspector general, the Senate report said, "termed the agency's concept and use of cover to be lax, arbitrary, uneven, confused and loose."

Citing the recent murder of Welch, the CIA's Athens station chief, the committee pointed to testimony by the CIA's "Chief of Cover Staff" who stated that by the time a CIA man becomes a chief of station, "there is not a great deal of cover left."

For instance, the home Welch moved into "had been previously publicly identified as that of the former station chief" in Athens.

AMBASSADORIAL CONTROL

Although Congress passed a law more than a year ago making U.S. ambassadors responsible for directing, coordinating and supervising all U.S. government employees within a particular country, the committee com-

plained, the law has, in effect, been "suspended" by presidential inaction.

The administration has yet to issue implementing instructions making ambassadors privy to CIA "sources and methods" information.

"The committee finds this thwarting of the United States law unacceptable," the report said.

COVERT ACTIONS AND PARAMILITARY OPERATIONS

The CIA's clandestine operations experienced a phenomenal growth in the agency's early years, accounting for 74 per cent of the CIA's budget in 1952, but did not reach their peak until 1964-67.

Since then, they have shown declines almost every year, but, the committee found, in 1975 they still accounted for 37 per cent of the CIA's budget, not counting indirect support costs.



SEN. BARRY GOLDWATER
... two refuse to sign



SEN. JOHN G. TOWER
... disputes proposals

Members of Senate intelligence committee discussing report. Shown from left are Sens. Mathias, Huddleston, Church and Baker.

By James K. W. Alberton—The Washington Post

